



General Assembly

January Session, 2017

Amendment

LCO No. 8111



Offered by:

SEN. OSTEN, 19th Dist.
SEN. SOMERS, 18th Dist.
SEN. FORMICA, 20th Dist.
SEN. WINFIELD, 10th Dist.

REP. REED, 102nd Dist.
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REP. RYAN, 139th Dist.
REP. RILEY, 46th Dist.

To: Subst. Senate Bill No. 4

File No. 467

Cal. No. 241

"AN ACT CONCERNING MUNICIPAL ELECTRIC UTILITY COOPERATIVES."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. Section 7-233c of the general statutes is repealed and the
4 following is substituted in lieu thereof (*Effective October 1, 2017*):

5 (a) Any two or more municipal electric utilities may, by concurrent
6 resolutions, duly adopted by the governing bodies of each of such
7 municipal electric utilities, create and become members of a municipal
8 electric energy cooperative under the name and style of "the
9 municipal electric energy cooperative", with some identifying phrase
10 inserted. The managing body of the municipal electric energy
11 cooperative shall be a cooperative utility board which shall be charged
12 with carrying out the corporate purposes and powers of the municipal

13 electric energy cooperative. The number of representatives to be
14 appointed at any time for full terms of office [by the governing bodies
15 of such municipal electric utilities] shall be such uniform numbers as
16 may be mutually agreed upon in said resolutions which number shall
17 be not less than two nor more than six for each member, provided one
18 such representative shall be appointed by the legislative body of each
19 municipality in which a member municipal electric utility operates,
20 pursuant to this subsection. After the taking effect of the said
21 resolutions of all such municipal electric utilities and after the filing of
22 certified copies thereof pursuant to subsection (a) of section 7-233d, the
23 agreed number of representatives shall be appointed to the cooperative
24 utility board by the governing body of each municipal electric utility [. The]
25 and the legislative body of the municipality in which each
26 municipal electric utility operates, pursuant to this subsection. For
27 representatives appointed by the governing body of each municipal
28 electric utility, the qualification of such representatives, terms of office
29 for the original representatives and their successors and compensation,
30 if any, by the member pursuant to this section or by the municipal
31 electric energy cooperative pursuant to section 7-233p, as amended by
32 this act, shall be prescribed by each such governing body; provided,
33 each representative shall be an official or employee of such municipal
34 electric utility. For each representative appointed by the legislative
35 body of each municipality in which a member municipal electric utility
36 operates, the qualification of such representative, terms of office for the
37 original representative and his or her successors and compensation, if
38 any, by the legislative body or by the municipal electric energy
39 cooperative pursuant to section 7-233p, as amended by this act, shall
40 be prescribed by each such legislative body and any such
41 compensation shall be approved by such legislative body, provided
42 each such legislative body shall appoint a representative who is a
43 residential or commercial ratepayer of the municipal electric utility
44 that operates in the municipality of such legislative body and who
45 does not hold other official positions in and is not employed by (1) the
46 governing body of such member municipal electric utility, (2) the
47 municipality in which the member municipal electric utility operates,

48 (3) the governing body of any other member municipal electric utility,
49 (4) the municipality in which any other member municipal electric
50 utility operates, or (5) the municipal electric energy cooperative. In
51 addition to paying such compensation as may be prescribed pursuant
52 to this section or section 7-233p, as amended by this act, a member
53 municipal electric utility or a legislative body, upon approval by such
54 legislative body, may reimburse its representatives for expenses for
55 travel, both within and without the state, incurred by them in
56 connection with services as a designated representative on such board.
57 Before such municipal electric energy cooperative can be validly and
58 legally formed each of the municipalities represented by a municipal
59 electric utility joining together to form the municipal electric energy
60 cooperative must, by proper proceedings duly adopted, consent and
61 agree to such formation of the municipal electric energy cooperative.

62 (b) After the creation of a municipal electric energy cooperative
63 under subsection (a) of this section, any other municipal electric utility
64 may become a member of the municipal electric energy cooperative if
65 (1) the municipal electric utility files with the municipal electric energy
66 cooperative (A) a resolution, duly adopted by its governing body,
67 requesting membership in such cooperative, and (B) a certified copy of
68 the proper proceedings, duly adopted by the municipality represented
69 by the municipal electric utility, consenting and agreeing to such
70 membership, and (2) after the municipal electric energy cooperative
71 receives such filing, the governing bodies of at least two-thirds of the
72 municipal electric utilities comprising the membership of the
73 municipal electric energy cooperative at the time of such filing duly
74 adopt a resolution approving membership of such municipal electric
75 utility in the municipal electric energy cooperative. After the filing of
76 certified copies of all such resolutions with the Secretary of the State
77 pursuant to subsection (b) of section 7-233d, the governing body of the
78 municipal electric utility being added to the municipal electric energy
79 cooperative and the municipality in which such municipal electric
80 utility operates shall appoint representatives to the cooperative utility
81 board of the municipal electric energy cooperative. The number of

82 such appointed representatives shall be the same as the number
83 mutually agreed upon by the other members of the municipal electric
84 energy cooperative pursuant to subsection (a) of this section. The
85 provisions of said subsection (a) concerning the qualification,
86 compensation and terms of office of, and reimbursement of travel
87 expenses for, representatives [of the existing members of the municipal
88 cooperative] appointed by the existing member municipal electric
89 utilities and the legislative bodies of the municipalities in which such
90 member municipal electric utilities operate shall apply to
91 representatives of such municipal electric utility.

92 (c) A municipal electric utility that is a member of a municipal
93 electric energy cooperative may withdraw from the municipal electric
94 energy cooperative if: (1) Such withdrawing municipal electric utility
95 continues to fully perform all of its obligations under any contract it
96 has with the municipal electric energy cooperative or provides
97 sufficient funds in trust for the benefit of the municipal electric energy
98 cooperative to satisfy such obligations, (2) the withdrawing municipal
99 electric utility files with the municipal electric energy cooperative a
100 resolution, duly adopted by its governing body, approving the
101 withdrawal, and such resolution is filed with the Secretary of the State
102 in the same manner as provided in subsection (c) of section 7-233d,
103 and (3) the municipality [represented by the withdrawing municipal
104 electric utility] in which the withdrawing municipal electric utility
105 operates does not disapprove of such withdrawal, by vote of the
106 municipality's legislative body, within thirty days after the adoption of
107 such a resolution.

108 (d) (1) Upon appointment of its representatives by the [members of
109 the municipal cooperative] member municipal electric utilities and
110 legislative bodies of the municipalities in which such member
111 municipal electric utilities operate, the cooperative utility board shall
112 organize, select its chairman and vice-chairman from among said
113 board and proceed to consider those matters which have been
114 recommended to it by the several members of the municipal electric
115 energy cooperative.

116 (2) The cooperative utility board may hold such meetings and
117 public hearings as it deems desirable and the powers of the municipal
118 electric energy cooperative shall be vested in the representatives
119 thereof in office from time to time. The cooperative utility board shall
120 hold any such meetings and public hearings in the state. The
121 municipal electric energy cooperative shall post on its Internet web site
122 and provide to participants notice of and the agenda for each meeting
123 and public hearing, and any changes made thereto, not later than five
124 days before such meeting or public hearing. Each participant shall post
125 on its Internet web site and provide to the municipality in which it
126 operates such notice, agenda and changes not later than four days
127 before such meeting or public hearing. Each such municipality shall
128 post on its Internet web site such notice, agenda and changes not later
129 than three days before such meeting or public hearing.

130 (3) A majority of the entire authorized number of representatives of
131 the municipal electric energy cooperative shall constitute a quorum at
132 any meeting thereof. Action may be taken, motions voted and
133 resolutions adopted by the municipal electric energy cooperative at
134 any meeting of the cooperative utility board by vote of a majority of
135 the representatives present, unless in any case the bylaws of a
136 municipal electric energy cooperative or an amendment to such
137 bylaws shall require a larger number for adoption or any
138 representative of the cooperative utility board requests that the vote be
139 based on megawatt-hour purchases. If such a request is made, [(1)] (A)
140 each representative shall have a number of votes equal to the total
141 number of megawatt-hours purchased from the municipal electric
142 energy cooperative during the preceding completed calendar year by
143 the [representative's] member municipal electric utility [from the
144 municipal cooperative during the preceding completed calendar year]
145 which appointed such representative or which operates in the
146 municipality whose legislative body appointed such representative,
147 provided, if the municipal electric energy cooperative includes a new
148 member municipal electric utility which purchased part or all of its
149 power and energy from a supplier or suppliers other than the

150 municipal electric energy cooperative during such year, each
151 representative [of] appointed by such new member municipal electric
152 utility or the legislative body of the municipality in which such new
153 member municipal electric utility operates shall have a number of
154 votes equal to the total megawatt-hours purchased by such new
155 member from such other suppliers during such year plus the total
156 number of megawatt-hours purchased from the municipal electric
157 energy cooperative during such year, and [(2)] (B) any action, motion
158 or resolution taken, voted or adopted by the municipal electric energy
159 cooperative at such meeting shall be by a favorable vote of sixty-seven
160 per cent or more of the total of such votes of the representatives who
161 are present at the meeting and who vote, provided at least a majority
162 of the members of the municipal electric energy cooperative approves
163 such action, motion or resolution. Notwithstanding any provision of
164 this subsection or of subsection (g) of this section to the contrary, a
165 unanimous vote of all of the representatives of the municipal electric
166 energy cooperative shall be required before said municipal electric
167 energy cooperative can exercise the power of condemnation or
168 eminent domain provided in this chapter.

169 (4) The municipal electric energy cooperative shall post on its
170 Internet web site and provide to participants the minutes of such
171 meeting or public hearing, including any actions taken, motions voted
172 and resolutions adopted, not later than five days after such meeting or
173 public hearing described in subdivision (2) of this subsection. Each
174 participant shall post on its Internet web site and provide to the
175 municipality in which it operates such minutes not later than six days
176 after such meeting or public hearing. Each municipality shall post such
177 minutes on its Internet web site not later than seven days after such
178 meeting or public hearing.

179 (5) The cooperative utility board may appoint and employ a chief
180 executive officer, a treasurer, a secretary, a general counsel and such
181 officers, advisors, consultants and other agents and employees as it
182 may deem necessary, and the cooperative utility board shall determine
183 their qualifications, terms of office, duties and compensation.

184 (e) Organizational expenses incurred by a municipal electric energy
185 cooperative shall be paid ratably by each member in the same
186 proportion as the population or area of operation serviced by each
187 such member bears to the total population or area of operation
188 serviced by all members or by such other method as determined to be
189 fair and equitable by the cooperative utility board. Such payments
190 shall be made by each member whether or not that member utilizes the
191 electric power or energy made available or furnished to such member.

192 (f) Each representative of a municipal electric energy cooperative
193 shall hold office for the term for which he was appointed and until his
194 successor has been appointed and has qualified. A representative of a
195 municipal electric energy cooperative may be removed only by the
196 cooperative utility board for inefficiency or neglect of duty or
197 misconduct in office and after he shall have been given a copy of the
198 charges against him and, not sooner than ten days thereafter, had
199 opportunity in person or by counsel to be heard thereon by such
200 governing body. A member municipal electric utility may remove one
201 or more of [its] the representatives that it appointed with or without
202 cause at any time. The legislative body of a municipality may remove
203 the representative that it appointed with or without cause at any time.

204 (g) A municipal electric energy cooperative may adopt, on a
205 prospective basis, methods of voting for all or specifically designated
206 matters. Any such methods shall be specified in the bylaws of a
207 municipal electric energy cooperative or in an amendment to such
208 bylaws unanimously adopted by the members of the municipal electric
209 energy cooperative. A municipal electric energy cooperative may
210 distinguish the voting rights of its members based on whether a
211 member is a full requirements customer or a partial requirements
212 customer of the municipal electric energy cooperative or based on the
213 term of the contractual obligations for power and transmission supply
214 each member incurs with respect to the municipal electric energy
215 cooperative, provided any such distinctions shall treat similarly
216 situated members in a comparable and nondiscriminatory manner. For
217 purposes of this subsection, "full requirements customer" means a

218 wholesale purchaser of electric power or transmission services whose
219 electric energy supplier is the sole source of long-term firm power, and
220 "partial requirements customer" means a wholesale purchaser of
221 electric power or transmission services that directly owns or operates
222 generating or transmission assets that are insufficient to carry all of
223 such purchaser's electric load and whose electric energy supplier is a
224 supplemental source of long-term firm power.

225 (h) A municipal electric energy cooperative shall cause a forensic
226 examination conducted by a certified forensic auditor which shall
227 include a review of the revenue and expenditures of a municipal
228 electric energy cooperative for the preceding five years. The auditor
229 shall submit (1) a report that includes an opinion regarding the
230 financial statements and a management letter, and (2) a report that
231 includes an opinion on conformance of the operating procedures of the
232 municipal electric energy cooperative with the provisions of chapter
233 101a and the bylaws of the municipal electric energy cooperative, and
234 any recommendations for any corrective actions needed to ensure such
235 conformance. The municipal electric energy cooperative shall post on
236 its Internet web site and provide to participants such forensic audit
237 report not later than seven days after such forensic audit report is
238 received by the municipal electric energy cooperative. Each participant
239 shall post on its Internet web site and provide to the municipality in
240 which it operates such forensic audit report not later than five days
241 after such forensic audit report is received from the municipal electric
242 energy cooperative. Each such municipality shall post on its Internet
243 web site such forensic audit report not later than five days after such
244 forensic audit report is received from the participant.

245 (i) A municipal electric energy cooperative shall annually provide
246 the following, in accordance with the provisions of section 11-4a, to the
247 joint standing committee of the General Assembly having cognizance
248 of matters relating to energy: (1) A list of the current members and
249 officers of the cooperative utility board described in subsection (d) of
250 this section; (2) a copy of the most recent annual report of the
251 municipal electric energy cooperative; (3) a copy of the most recent

252 audited financial statements, management letter and forensic audit
253 reports of the municipal electric energy cooperative that are required
254 under subsection (h) of this section; (4) a copy of any conflicts of
255 interest policy of the municipal electric energy cooperative; (5) a copy
256 of the municipal electric energy cooperative's most recently filed
257 Internal Revenue Service form 990, including all parts and schedules
258 that are required to be made available for public inspection under the
259 Internal Revenue Code of 1986, or any subsequent corresponding
260 internal revenue code of the United States, as amended from time to
261 time; (6) a copy of the bylaws of the municipal electric energy
262 cooperative; and (7) as to any employee of the municipal electric
263 energy cooperative, a report listing the position of each employee and
264 the amount of the salary, wages and fringe benefit expenses paid to
265 each such employee.

266 (j) If a municipal electric energy cooperative holds a strategic retreat
267 or similar activity, it shall hold such retreat or activity in the state. The
268 cooperative utility board shall approve, at a meeting, such retreat or
269 activity, including the location, the purpose, planned attendees, any
270 entertainment and any gifts of value. Such retreat or activity shall
271 include meetings to conduct business and the municipal electric
272 energy cooperative shall provide to the cooperative utility board, not
273 later than five days after such retreat or activity, an agenda, a list of
274 attendees and the meeting minutes. Such retreat or activity shall not
275 include any entertainment or gifts of value other than that approved
276 by the cooperative utility board.

277 Sec. 2. Section 7-233p of the general statutes is repealed and the
278 following is substituted in lieu thereof (*Effective October 1, 2017*):

279 If the members of a municipal electric energy cooperative and the
280 legislative bodies of the municipalities are not paying compensation to
281 [their] the representatives they each appointed pursuant to subsection
282 (a) of section 7-233c, as amended by this act, such municipal electric
283 energy cooperative may reimburse its representatives for necessary
284 expenses incurred in the discharge of their duties and pay such

285 reasonable, uniformly applicable compensation to such representatives
286 for their service on the board of such municipal electric energy
287 cooperative as provided in this section. The concurrent resolutions
288 creating a municipal electric energy cooperative may provide that the
289 representatives of the municipal electric energy cooperative may
290 receive annual compensation for their services within limitations to be
291 stated in such concurrent resolutions and in that event, each
292 representative may receive from the municipal electric energy
293 cooperative such compensation for his services as the municipal
294 electric energy cooperative may determine within the limitations
295 stated in such concurrent resolutions. Said provisions or limitations
296 stated in any such resolutions may be amended by subsequent
297 concurrent resolutions, but no reduction of any such limitation shall be
298 effective as to any representative of the municipal electric energy
299 cooperative then in office except upon the written consent of such
300 representative."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2017</i>	7-233c
Sec. 2	<i>October 1, 2017</i>	7-233p